

Message Text

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PAGE 01 STATE 133829
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TO AMEMBASSY BERLIN IMMEDIATE
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USMISSION USBERLIN

C O N F I D E N T I A L STATE 133829

E.O. 11652: GDS

TAGS: BEXP, CVIS, EEWT, GE

SUBJECT: GDR EMBASSY FOLLOWS UP BEIL MEETINGS WITH
COMMERCE OFFICIALS

REF: (A) STATE 121299; (B) STATE 123976; (C) BERLIN 3463;
(D) STATE 131521

1. SUMMARY: GDR COMMERCIAL COUNSELOR LANGE CALLED ON
ACTING DAS STROH TO FOLLOW UP STATE SECRETARY BEIL'S
RECENT CONVERSATIONS WITH COMMERCE OFFICIALS. AFTER NOTING
GDR AMBASSADOR SIEBER HAD SENT FOLLOW-UP LETTERS TO
COMMERCE UNDER SECRETARY HARMAN AND TO UNDER SECRETARY OF
STATE FOR POLITICAL AFFAIRS NEWSOM, LANGE PURSUED THE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 133829

QUESTION OF HOW THE GDR SHOULD GO ABOUT SEEKING PERMISSION
TO TRANSFER ALL OR PART OF THE GDR EMBASSY COMMERCIAL
SECTION TO NEW YORK CITY. COMMERCE OBSERVED THAT THIS
QUESTION IS UNDER STATE DEPARTMENT'S JURISDICTION AND THERE-
FORE SHOULD BE RAISED WITH STATE. WE ASKED ABOUT OBTAINING
MORE INFORMATION ON THE TURN-KEY PLANT PROJECTS BEIL HAD
REFERRED TO, AND ALSO SOUGHT FURTHER INFORMATION ABOUT 24

OTHER PROJECTS LANGE NOTED HAD BEEN MENTIONED LAST YEAR DURING THE JOINT COUNCIL'S FIRST PLENARY. COMMERCE EXPRESSED THE HOPE THAT PROGRESS ON OUTSTANDING BILATERAL QUESTIONS WOULD RESULT FROM THE UPCOMING VANCE-FISCHER MEETING. END SUMMARY.

2. ON MAY 17, GDR COMMERCIAL COUNSELOR LANGE CALLED ON ACTING DAS FOR EAST-WEST TRADE EDWARD STROH AND OTHER BEWT OFFICIALS TO FOLLOW UP ON POINTS RAISED DURING STATE SECRETARY BEIL'S MEETINGS WITH COMMERCIAL OFFICIALS REPORTED REFTEL B.

3. AFTER EXPRESSING THE GDR'S "SATISFACTION" AT THE RESULTS OF THE GDR CONGRESS AND ONCE AGAIN THANKING USDOC FOR ITS SUPPORT AS CO-HOST, LANGE SAID THAT GDR AMBASSADOR SIEBER HAD WRITTEN IDENTICAL LETTERS TO COMMERCE UNDER SECRETARY HARMAN AND TO UNDER SECRETARY OF STATE FOR POLITICAL AFFAIRS NEWSOM, PROVIDING FURTHER DETAILS ABOUT QUESTIONS CONCERNING THE GDR'S PROPOSED FTO COMMERCIAL OFFICES IN NEW YORK CITY THAT BEIL HAD RAISED DURING HIS CALLS AT COMMERCE AND STATE (REFTELS B AND A). SINCE COMMERCE HAD NOT YET RECEIVED THE LETTER TO HARMAN, WE COULD NOT COMMENT ON IT. HOWEVER, WE DID ASSURE LANGE THAT AMBASSADOR SIEBER WOULD RECEIVE ANSWERS TO THE QUESTIONS POSED IN THE LETTER. (ANSWER CONTAINED IN CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 133829

NEWSOM LETTER OF MAY 22 AS IN REF. D.)

4. LANGE THEN PURSUED THE QUESTION BEIL HAD MENTIONED DURING HIS CONVERSATION WITH COMMERCE UNDER SECRETARY HARMAN CONCERNING TRANSFERRING ALL OR PART OF THE GDR EMBASSY COMMERCIAL SECTION TO NEW YORK CITY (REFTEL B, PARA. 11). HE NOTED THAT IN COMING MONTHS, THE GDR WILL BE PREPARING A NUMBER OF LARGE TURN-KEY PLANT PROJECT COMPENSATION ARRANGEMENTS. A NEW YORK PRESENCE FOR THE EMBASSY'S COMMERCIAL SECTION WOULD BE OF GREAT IMPORTANCE AS A SOURCE OF GUIDANCE TO U.S. FIRMS. IT WOULD PROVIDE INFORMATION ABOUT GDR COMPENSATION ARRANGEMENT PRACTICES AND PROCEDURES, AS WELL AS IDENTIFY POINTS OF CONTACT IN THE GDR FOR U.S. FIRMS INTERESTED IN BIDDING ON THE PROJECTS. AS AN EXAMPLE OF THE IMPORTANCE OF SUCH TRANSACTIONS, LANGE CITED THE COLOR TV TUBE PROJECT CURRENTLY UNDER NEGOTIATION WITH RCA AND SUGGESTED THAT THIS PROJECT ALONE COULD RESULT IN CONTRACTS VALUED AT ROUGHLY \$100 MILLION. LANGE INQUIRED HOW THE GDR SHOULD GO ABOUT SEEKING PERMISSION TO ACCOMPLISH OPENING SUCH AN OFFICE OF THE GDR EMBASSY COMMERCIAL SECTION IN NEW YORK.

5. BEWT RESPONDED BY SUGGESTING THAT THE GDR EMBASSY RAISE THE MATTER WITH THE STATE DEPARTMENT, SINCE THIS QUESTION FALLS WITHIN STATE'S JURISDICTION RATHER THAN THAT OF COMMERCE. WE ALSO NOTED IT IS COMMERCE'S UNDERSTANDING THAT AT THE TIME OUR TWO COUNTRIES ESTABLISHED DIPLOMATIC RELATIONS, THE QUESTION OF SUCH AN OFFICE EXTERNAL TO THE GDR EMBASSY IN WASHINGTON HAD BEEN RESERVED FOR LATER DISCUSSION BY THE TWO GOVERNMENTS AND THAT THERE HAD BEEN AN EXCHANGE OF LETTERS TO THIS EFFECT. WE ALSO NOTED THE GDR EMBASSY MIGHT FIND IT HELPFUL TO EXPLORE THIS MATTER INFORMALLY AND IN DETAIL WITH STATE DEPARTMENT, BEFORE PRESENTING THE STATE DEPARTMENT WITH A DIPLOMATIC NOTE ON THE QUESTION.
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CONFIDENTIAL

PAGE 04 STATE 133829

6. FOLLOWING UP ON BEIL'S COMMENTS TO COMMERCE ASSISTANT SECRETARY WEIL (REFTEL B, PARA. 5) CONCERNING THE AVAILABILITY OF DETAILS ABOUT THE 112 TURN-KEY PLANT PROJECTS, COMMERCE ASKED IF WE COULD OBTAIN THIS INFORMATION, AND ADDED THAT WE BELIEVE MANY U.S. FIRMS WOULD BE INTERESTED IN BIDDING ON PART OR ALL OF A GIVEN PROJECT. LANGE RECALLED THAT DETAILS CONCERNING SEVERAL OF THE 24 PROJECTS MENTIONED DURING THE U.S.-GDR TRADE AND ECONOMIC COUNCIL'S FIRST JOINT PLENARY WITH THE GDR-U.S. COUNCIL HAD BEEN PROVIDED TO THE USG. WE REPLIED THAT IT WOULD BE HELPFUL TO BOTH COUNTRIES IF COMMERCE HAD DETAILS ON ALL THE 24 PROJECTS AS WELL AS OF THE 112 JUST MENTIONED, TOGETHER WITH INDICATIONS AS TO WHICH OF THE 24 PROJECTS ARE UNDER NEGOTIATION SO THAT IN DISSEMINATING THE INFORMATION ABOUT THESE TRADE OPPORTUNITIES TO U.S. INDUSTRY COMMERCE COULD GUARD AGAINST INADVERTENTLY DISTURBING ONGOING NEGOTIATIONS. LANGE SAID THAT HE WOULD SEE WHAT COULD BE MADE AVAILABLE.

7. DURING THE COURSE OF THE CONVERSATION, COMMERCE FOUND OCCASION TO OBSERVE THAT WE HOPE THE FORTHCOMING VANCE-FISCHER MEETING JUNE 6 WILL LEAD TO PROGRESS ON OUTSTANDING BILATERAL ISSUES. IN PARTICULAR, RESOLUTION OF THE CONSULAR CONVENTION QUESTION WOULD MAKE A POSITIVE CONTRIBUTION TO OUR OVERALL RELATIONS, INCLUDING TRADE RELATIONS. LANGE RESPONDED THAT THE CONSULAR CONVENTION WILL BE ONE OF THE SUBJECTS DISCUSSED AT THE MEETING, TOGETHER WITH THAT OF HUMANITARIAN CASES AND OUTSTANDING CLAIMS.

8. COMMENT: THE ENTIRE MEETING WAS PLEASANTLY RELAXED, WITH THE GDR SIDE BEING UNUSUALLY CANDID IN INVITING
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PAGE 05 STATE 133829

SUGGESTIONS ON HOW BEST TO PROCEED IN DEALING WITH THE

QUESTION DISCUSSED PARA. 4 ABOVE. THE EASY-GOING
ATMOSPHERE APPEARS TO BE A CONTINUATION OF THAT SO
EVIDENT DURING BEIL'S MEETINGS HERE. END COMMENT. CHRISTOPHER

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